

RALEIGH-DURHAM AIRPORT AUTHORITY

MINUTES

May 16, 2002

Chairman Gibbs presided. Present: members Clancy; Lane, Parker, Teer; Toler and Winston. Absent: member Sparrow. Also present: Airport Director Brantley; Deputy Director, Operations Shackelford; Deputy Director, Facilities Engineering & Maintenance Pittman; Deputy Director, Finance, Business & Administration Gill; Major Capital Improvements Program Director Powell; Administration Director Umphrey; Finance Director Barritt; Senior Program Manager Edmondson; Facilities Engineering Manager Jewett; Facilities Program Manager Cayton; Facilities Program Manager Quesenberry; Parking Manager Scialdone; Maintenance Manager Fulp; Properties & Insurance Officer Quinn; Emergency Services Manager Thompson; Law Enforcement Manager Waters; Information Technology Manager Schiller; Communications Manager Hamlin; Customer Relations Supervisor Kawiecki; Ground Transportation Manager Odom; Ground Transportation Coordinator Nye; Financial Analyst Golden; Training Supervisor Bell; Training Officer Harleston; Business Development Officer Hairston; Victor Services Supervisor Creech; Executive Assistant Mitchell and Attorney Tatum.

Guests: Vicki Hyman and Richard Stradling, The News & Observer; Tom Lawrence, WRAL-TV; and Rev. Dennis Stiles.

APPROVAL OF AGENDA – There were no changes to the agenda, and it was approved as submitted.

Chairman Gibbs appointed Member Toler as Acting Secretary.

APPROVAL OF MINUTES – There were no changes to the minutes of the April 18, 2002 meeting, and they were approved as submitted.

CHAIRMAN'S COMMENTS – Chairman Gibbs had no comments at this time.

OPERATIONS COMMITTEE – Member Toler reported the committee met on May 15, 2002 and discussed the following item:

1. Staff recommendation regarding possible revision and improvement of the taxicab service provided the Airport. At its January 17, 2002 meeting, the Authority approved staff's request to research consolidation of RDU's current taxicab services. A public hearing was held on March 21, 2002 to afford operators, drivers and community groups and citizens to comment on the current taxicab service. The major service issues reviewed were: availability of taxicabs; customer wait times; liability; vehicle type, age and conditions; acceptance of credit cards; absentee owner/operators; subsidizing of taxicab operations; and economics. Staff contracted with Ray Mundy, Ph.D. to research, analyze and recommend options regarding the RDU taxicab service. Dr. Mundy met with Authority ground transportation staff, as well as law enforcement officers, concerning their views on how successfully the walk up taxi service has been provided by the currently licensed taxi firm owners and drivers. Separate interviews with owners and drivers were conducted. Dr. Mundy reviewed operational and financial data relating to the taxi service. Existing operating rules and regulations and procedures were reviewed. Upon completion of Dr. Mundy's research, several options regarding consolidation of the taxi service were presented: (i) strict enforcement of the current system; (ii) management by existing

operators; (iii) consolidation into 2 or 4 taxi firms; (iv) single taxicab operator; and (v) taxicab stand manager. Staff recommended the taxicab stand manager concept. The taxicab stand manager concept would provide a more structured approach to managing taxicab operations through the use of a Concession Agreement. The Authority would maintain control of the number of authorized vehicles, set the stand manager dues paid by the owner-driver weekly and the meter rates charged. This option would permit the single owner-driver to provide service at the Airport in a consolidated system. The stand manager would be on site to manage the daily operations. The stand manager would collect dues only if taxicabs were available and worked. The existing rules and regulations would become part of the Concession Agreement with the stand manager and the sub-contract agreements that each owner-driver must sign with the stand manager. The stand manager would provide a common radio dispatch system for all airport taxicabs. The stand manager would provide all required equipment and perform all administrative tasks to accept credit cards and vouchers. Stand dues to the stand manager would replace the current trip fees. Taxicab owners and drivers shared their comments and concerns about the options presented. The Committee asked staff to examine other applications of the stand manager concept at other airports, specific information regarding implementation schedules, and any transition issues that occurred, and report back to the Committee. No further action was taken.

Member Toler said the Committee meeting went very well. He complimented staff on the comprehensive report. Chairman Gibbs thanked member Toler for chairing the meeting in member Sparrow's absence. He also thanked the members who attended the meeting.

LAW, FINANCE & PERSONNEL COMMITTEE – Chairman Winston reported the Committee met on May 16, 2002 and discussed the following item:

1. Consideration of a proposed Lease Purchase and Modification Agreement, a new Facilities Lease and Use Agreement and other tenancy arrangements with American Airlines, Inc. Staff reviewed the terms of the Facilities Lease and Use Agreement and the Lease Purchase and Modification Agreement with American Airlines. Closing on the acquisition of Terminal C is expected to occur either June 13 or June 18, 2002. The Lease Agreement is actually an exhibit to the Lease Purchase Agreement, and must be executed by May 22, 2002. The Lease Agreement will be released as a public document upon execution by all parties. The transactions will be scheduled to close simultaneously with the related bond financing transactions. The Committee recommended approval of the Lease Purchase and Modification Agreement and the new Facilities Lease and Use Agreement.

Member Winston made a motion, seconded by Member Teer, to authorize the Airport Director to execute the Lease Purchase and Modification Agreement, and a Facilities Lease and Use Agreement with American Airlines, Inc., pending final legal concurrence. Adopted.

LAND & DEVELOPMENT COMMITTEE – Member Teer reported the Committee met on May 16, 2002 and discussed the following item:

1. Consideration of a staff recommendation for selection of a consultant to provide engineering and related professional services for Airside-Landside Pavement Repairs, RDU #080439. Facilities Engineering Manager Jewett reported on staff's recommendation of a firm to provide engineering services in connection with a variety of airside and landside pavement repairs.

Projects that will require these types of services include concrete joint re-sealing and varied repairs on airfield concrete pavements; various asphalt pavement repairs in fuel service roads, air cargo lots, remote parking lots, as well as other miscellaneous pavement repair projects; and airfield security fencing. The Request for Proposal was issued to 154 firms. Eight firms submitted proposals in response to the solicitation: Alpha & Omega Group; Kimley-Horn; HNTB; S&F Engineering; Baker & Associates; Delta Airport consultants; Talbert & Bright; and PBS&J. Staff interviewed Delta Airport Consultants, Talbert & Bright, and PBS&J, and ranked the firms as follows: Talbert & Bright; Delta Airport Consultant and PBS&J. Based on review of the proposals, including responsiveness to the stated requirements, qualifications and experience of the proposed project manager and other key personnel, qualifications and experience of the proposed firms sub-consultants, previous experience on similar projects, perception of and approach to the project, and results of the interviews, staff determined Talbert & Bright to be the team that most closely fits the needs of the anticipated work. The contract with the selected firm will be executed for a one-year period with two additional one-year renewals at the option of the Authority. The Committee recommended that staff be authorized to commence negotiations with Talbert & Bright to provide general engineering services for airside-landside pavement and draining construction and repairs.

Member Teer made a motion, seconded by Member Lane, to approve the recommendations of the Land & Development Committee. Adopted.

SMART CARTE AGREEMENT – Business Development Officer Hairston reported on the proposed renewal agreement with Smarte Carte Inc. for provision of luggage carts at Terminals A, A-Extension and C and in the terminal area parking lots and garages. The renewal term is May 1, 2002 through April 30, 2007 with no renewal options. The percentage rent is 10% of gross revenues with no minimum guarantee. Currently, the DBE participation is 20% through a joint venture with CLS Management Services, which will continue during this term. The term for the Terminal C cart locations will not commence until the Authority begins operating Terminal C. The renewal agreement phases out the luggage lockers in the terminals, whose use has been prohibited by the Transportation Security Administration. Smarte Carte believes it can address the concerns of the TSA and make any necessary modifications that will allow it to resume luggage locker rental services at RDU in the near future. If Smarte Carte fails to do that by December 31, 2002, the luggage lockers must be removed from the terminals. This lease generated \$13,502.00 revenue during fiscal year 2001-2002. Staff recommended approval of the renewal agreement.

Member Parker made a motion, seconded by Member Lane, to renew the Operating Agreement with Smarte Carte Inc. for provision of luggage carts in the terminals and terminal area public parking facilities. Adopted.

CLS MANAGEMENT SERVICES AGREEMENT – Business Development Officer Hairston reported on the proposed lease agreement with CLS Management Services, Inc. for provision of business services concession engaged in the sale of foreign currency exchange, ATM services, stored value bank card services, pre-paid phone cards, travel insurance, wire transfers, conference room rentals, travelers check exchange, and facsimile/photocopy services from counter and vending sites in Terminals A and C. The concessionaire currently operates the business services concession as a management subcontractor to Traveler/Mutual of Omaha. The term is June 1, 2002 through May 31, 2007. The fixed rent is \$500 per month for the Terminal A Counter location; \$250 per month for Terminal C Counter location; and \$200 per

month for each ATM location. The percentage rent is 50% of gross transactions for business services; 2.5% of gross transactions for currency exchanges; 25% of gross transactions for travel insurance; 20% of gross transactions for ATMs; and 11% of gross transactions for phone cards. This agreement will have 100% DBE participation. This agreement will not affect the current pre-security ATM locations. Staff recommended approval of the lease agreement.

Member Lane made a motion, seconded by Member Parker, to approve the services agreement with CLS Management Services, Inc. Adopted.

NATIONAL GUARD AGREEMENT - Properties & Insurance Officer Quinn advised that the State of North Carolina had requested the Authority approve the maintenance and operations agreement for the Army National Guard Use of Airfield Facilities of Guard's Fixed Wing Aircraft Operations. The previous agreement terminated August 31, 2001. The new term is September 1, 2001 through August 31, 2004 and will renew on a month-to-month basis. The fee is \$200 per month fee and is subject to annual adjustment by the Authority, with notice provided to the State by May 1 of the then current year. The Guard chose to pay a monthly fee in lieu of submitting monthly landing reports and paying landing fees for fixed wing aircraft operations. Staff recommended approval of the agreement.

Member Lane made a motion, seconded by Member Parker, to approve the Maintenance and Operations Agreement with the State of North Carolina for the Army National Guard Use of Airfield Facilities for Guard's Fixed Wing Aircraft Operations. Adopted.

RADIO FREQUENCY (RF) POLICY – Business Development Officer Hairston reported that staff is preparing for the implementation of a consolidated wireless data and communications network. Tenants and travelers alike will benefit from the improved service and efficiencies that a consolidated wireless network can provide. Staff developed a policy to govern the operation and use of these systems at RDU. The policy is the foundation for wireless systems development and operations at RDU. A great deal of infrastructure (antennas, cable, conduit, switches, and signal distribution equipment) is needed to support wireless systems. There are many wireless service providers needing the same or similar infrastructure, therefore staff planned the development of a unified wireless network for all wireless service providers to utilize. The policy defines operational guidelines, responsibilities, and application procedures for users of the RDU wireless network. Staff recommended approval of this policy.

Member Winston made a motion, seconded by Member Toler, to approve the Radio Frequency Systems Antenna/Radio Frequency Policy. Adopted.

ENTERPRISE RESOURCE PLANNING (ERP) SOFTWARE – Deputy Director Finance, Business & Administration Gill reported on the license and services agreement for software and support with Oracle Corporation. This agreement is for the purchase of software licenses from Oracle Corporation for the following functions: core financials (general ledger, accounts payable and accounts receivable); purchasing; payroll; project cost management; and property and lease management. Staff participated in a formal needs assessment and issued a formal Request for proposals for selection of software. Four responses were submitted in response to the RFP: Oracle; SAP; The Bowman Group; and JD Edwards. Oracle was selected the vendor of choice by staff in terms of meeting the Authority's business needs, providing local support, and price discounts that equal or exceed those offered by other comparable vendors. This software will replace existing financial software which has very limited flexibility and, from time to time, requires custom programming to meet business operation needs and reporting requirements.

This software will integrate with a new maintenance management system, which is currently in the final stages of selection and pricing, to provide a fully integrated enterprise software solution for the Authority's business and maintenance functions. The cost of the software is \$202,405; year one support and product updates will cost \$4,529. The total costs will not exceed \$246,934. Pricing does not include implementation services, which will be solicited in the near future pursuant to a separate Request for Qualifications/Proposals. Staff recommended approval of the license and services agreement with Oracle Corporation.

Member Winston made a motion, seconded by Member Teer, to authorize the Airport Director and the Deputy Director, Finance, Business & Administration to execute the software license and services agreement with Oracle Corporation, pending final legal review. Adopted.

MEMBER COMMENTS/REPORTS – Member Toler encouraged those members who did not attend the Operations Committee to review the memorandum submitted by Ground Transportation Manager Odom regarding the taxicab services. He also commended Director of Administration Umphrey and his staff for being well represented at a recent DBE conference in which he participated. Member Clancy reported he and Member Winston gave a presentation to the Raleigh City Council members. The presentation went very well and he thanked Director of Customer Service and Organization Support Damiano for helping him prepare. Member Clancy asked if staff could do a study on the costs and related economic impact associated with operating the Terminal C/Parking Garage 3 during the day, including costs associated with vehicle searches and additional security requirements, and low traffic volume.

GENERAL COUNSEL'S REPORT – Attorney Tatum had no comments at this time.

AIRPORT DIRECTOR'S REPORT –

- The North Carolina National Guard completed its assignment at RDU on May 10, 2002, and hosted a ceremony in which the Guard presented to the Authority a framed North Carolina State flag with an engraved plaque commemorating the completion of *Task Force Noble Hawk, October '01 - May '02*. Law Enforcement Management Waters was presented a framed American flag. Law Enforcement officers are now guarding the security checkpoints, as well as taking care of the responsibilities of the Washington National flights. Since law enforcement presence is required at the security checkpoints, which has enabled the Authority to eliminate the need for the flexible response time at the checkpoints.
- The House Transportation Appropriations Committee is seeking legislation on a supplemental appropriations bill for the current year. One element of the proposed bill is to push the TSA toward allowing flexible response time, as previously done, as opposed to requiring fulltime law enforcement presence. If the legislation is approved, it will contain a number of features that would help airports, namely to provide \$850 million funding for construction and installation purposes for the machines TSA is planning to install at airports. This is substantially more than the Administration had requested. In addition, in the Department of Defense Appropriations Bill, \$175 million was allocated for reimbursement to airports for security-related expenses from 9/11/-9/30/02. The legislature is proposing to appropriate another \$200 million for mandated security costs reimbursements, which would be very helpful. Another \$75 million is proposed for state and local law enforcement officer deployment at airports. The TSA has an obligation to reimburse those costs because the law required federal law enforcement officers (none of which were

available at the time of inception). Those funds would go towards payment of some or all of those costs. TSA is required to pay for office space occupied during this time. Another provision of the legislation would limit the TSA workforce to 45,000, not the 65,000 as originally introduced. Progress on this legislation will be closely monitored.

- The Wake County Commissioners have invited the full Authority to an informal lunch on May 21, 2002, prior to the regular meeting of the commissioners. The lunch meeting will be in lieu of a formal presentation that is usually given to the commissioners by the Authority's City of Raleigh appointees. Members Lane and Sparrow will be attending, as well as Airport Director Brantley, Major Capital Improvements Program Director Powell and Attorney Tatum.
- Enplaned passengers for April 2002 totaled 370,963 versus 479,928 for April 2001 for a 22.7% decrease. Year-to-date 2002 enplaned passengers totaled 1,307,743 versus 1,691,095 for year-to-date 2001 for a 22.7% decrease.
- Deplaned passengers for April 2002 totaled 373,896 versus 482,642 for April 2001 for a 22.5% decrease. Year-to-date 2002 deplaned passengers totaled 1,317,251 versus 1,723,327 for year-to-date 2001 for a 23.6% decrease.
- Enplaned air cargo for April 2002 totaled 8,002,437 pounds versus 10,192,166 pounds for April 2001 for a 21.5% decrease. Year-to-date 2002 enplaned air cargo totaled 31,589,802 versus 43,123,689 for year-to-date 2001 for a 26.8% decrease.
- Deplaned air cargo for April 2002 totaled 10,587,308 pounds versus 9,878,809 pounds for April 2001 for a 7.2% increase. Year-to-date 2002 deplaned air cargo totaled 39,718,808 versus 42,715,568 for year-to-date 2001 for a 7.0% decrease.
- Weekday scheduled flight departures for April 2002 totaled 234 versus 307 for April 2001 for a 23.8% decrease.
- Aircraft operations for April 2002 totaled 21,448 versus 25,753 for April 2001 for a 16.7% decrease. Year-to-date 2002 aircraft operations totaled 80,271 versus 99,428 for year-to-date 2001 for a 19.3% decrease.
- The number of vehicles exiting the terminal area public parking lots during April 2002 totaled 158,978 versus 201,042 for April 2001 for a 20.9% decrease. Year-to-date 2002 number of vehicles exiting the terminal area public parking lots totaled 595,582 versus 753,760 for year-to-date 2001 for a 21.0% decrease.
- The number of taxicab trips taken during April 2002 totaled 12,631 versus 12,496 during April 2001 for a 1.1% increase. Year-to-date 2002 number of taxicab trips totaled 46,953 versus 46,658 for year-to-date 2001 for a .6% increase.
- The airlines' passenger load factors were extremely good for April. Several carriers reported load factors between 60-70%. Continental actually reported load factors between 80-85%.

- American West Airlines will initiate new service between RDU and Phoenix and Las Vegas on May 31, 2002. America West will provide two daily nonstop roundtrip flights to Phoenix, and nonstop service four days a week to Las Vegas. The airline will also provide new connecting service between RDU and 13 cities in the western U.S. Those cities in California are: Bakersfield, Carlsbad, Monterey, Santa Barbara, San Luis Obispo and Stockton. Cities in Arizona include: Flagstaff, Kingman, Prescott and Yuma. Other cities include: Grand Junction, Colorado, Farmington, New Mexico, and Eugene, Oregon.

ADJOURNMENT - There being no further business, Chairman Gibbs adjourned the meeting.

Respectfully submitted,

W. Stephens Toler, Acting Secretary

CORRECT ATTEST:

Kenneth D. Gibbs, Sr., Chairman